

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

December 6, 2011

The Board of Directors (the "Board") of Travis County Municipal Utility District No. 10 (the "District") met in regular session, open to the public, on November 1, 2011, at 1405 Osprey Ridge Loop, Lago Vista, Texas, inside the boundaries of the District, and the roll was called of the members of the Board:

Harvey Reiter	President
Robert Ernst	Vice President
Vance Taylor	Secretary
Robert Woolsey	Assistant Vice President
Raymond Archer	Assistant Secretary

and all of the above were present.

Also present at the meeting were Hal Lanham and Matt Martin of AWR Services, Inc. ("AWR"); Greg Bourgeois of Jones & Carter, Inc. ("Jones & Carter"); Brian Toldan of McCall Gibson Swedlund Barfoot PLLC; Matt Hackley of Waterford LT Partners, L.P. and Sharon Covan of Allen Boone Humphries Robinson LLP ("ABHR") by conference call.

APPROVE MINUTES

The Board considered approving the minutes of the November 1, 2011, meeting. Director Woolsey noted corrections to the minutes. After review and discussion, Director Taylor moved to approve the minutes of the meeting, as corrected. Director Ernst seconded the motion, which passed by unanimous vote.

GARBAGE AND RECYCLING

There was no report on garbage and recycling.

AUDIT FOR THE FISCAL YEAR END SEPTEMBER 30, 2011

Mr. Toldan reviewed the audit for the fiscal year ended September 30, 2011, and the management letter. After discussion, the Board agreed to approve the audit at the January Board meeting, after the Board members and consultants have had an opportunity to review it.

FINANCIAL AND BOOKKEEPING

The Board reviewed the bookkeeper's report, a copy of which is attached, and the budget for the fiscal year ending September 30, 2012. Mr. Bourgeois discussed allocated and unallocated capital projects funds. He said that approximately \$35,000 of



unallocated surplus funds remains in the capital projects account. The Board agreed to consider amending the budget at the January Board meeting to provide for the amendment to AWR's contract. After review and discussion, Director Taylor moved to approve the bookkeeper's report. Director Archer seconded the motion, which passed by unanimous vote.

#### TAX ASSESSMENT AND COLLECTION

The Board reviewed the tax assessor/collector's report, a copy of which is attached, and the delinquent list. After review and discussion, Director Taylor moved to approve the tax assessor/collector's report. Director Archer seconded the motion, which passed unanimously.

#### OPERATION OF DISTRICT FACILITIES

The Board reviewed the operator's report, a copy of which is attached. Mr. Lanham said that water accountability was 97% during the month.

Mr. Lanham said a landscape contractor, acting as a subcontractor to AWR, will remove grass, shrubbery and trim trees around the District's facilities to mitigate damage in the event of a fire. The Board discussed the extra mulch in the disposal field that the District does not need and authorized the operator to notify the Property Owner's Association and residents that the mulch is available at no cost if they provide the means to remove it. Mr. Lanham said that trees inside the water plant fence need to be trimmed. Director Ernst said there are also dead cedar trees at the lift station. The Board authorized the landscape contractor to remove the dead cedar trees and trim the trees inside the water plant fence. Director Taylor suggested the Board consider new plantings at the lift station in the spring.

Mr. Lanham said a claim has been filed with the District's insurance company for the damage caused by the lightning strike. He said he is waiting for TEI Controls to complete an affidavit required by the insurance company certifying that lightning caused the damage. Mr. Lanham said Jones & Carter is researching a lightning protection grid for the water plant.

Mr. Bourgeois said Jones & Carter has discussed with the Texas Commission on Environmental Quality ("TCEQ") whether the disposal of water plant back wash pond water onto land is acceptable under TCEQ regulations. He said that a permit is required, but the District may be able to obtain a waiver.

Mr. Lanham recommended the District purchase a backup pump for lift station no. 1 at a cost of \$4,933, a considerable savings over the initial price quoted.

Mr. Lanham discussed a raw water use Pro Rata Curtailment Plan (the "Curtailment Plan") presented by the Lower Colorado River Authority (the "LCRA") at



a recent meeting. He said that under the Curtailment Plan, if the lake level exceeds the drought of record of 600,000 acre feet, the District's raw water allocation will be reduced by 20%. He said that the District must submit requests for modifications to the Curtailment Plan by December 15, 2011, and the Curtailment Plan is due by February 15, 2012. Mr. Lanham requested authorization to work with Jones & Carter to prepare the Curtailment Plan providing for adjustments due to lake pumping, water conservation and additional connections.

Discussion ensued regarding the raw water contract with the LCRA. Mr. Lanham said the District has a contract with the LCRA for 55 acre feet of water. He said the District used 95 acre feet of water between September 2010 and August 2011. Mr. Lanham said Jones & Carter is preparing an application for a raw water contract and recommends applying for up to 100 acre feet of water. He said that the new contract will be a "take or pay" contract. After discussion, the Board agreed that the District should request 100 acre feet of water from the LCRA. The Board asked that the LCRA application be provided to ABHR to circulate to Board members and that ABHR collect the comments for Jones & Carter and AWR.

Mr. Lanham distributed and reviewed a proposed Freeze Protection Plan, a copy of which is attached. Discussion ensued regarding insulating and wrapping exposed water lines or draining them to provide freeze protection. Mr. Martin said that it takes 2-3 hours to drain the water lines. Mr. Lanham recommended insulating the water lines. The Board asked Mr. Lanham and Mr. Bourgeois to work on a recommendation for insulating or draining the water lines and the cost involved for the best long-term solution for protecting the District's lines in the event of an extended freeze. The Board asked that the plan be provided to ABHR for distribution to Board members and that comments be provided to ABHR.

Director Ernst said he suggested last month that customers be provided written notification of the cost of water per 1,000 gallons, per the Amended Rate Order. Mr. Lanham said that he will prepare a letter to residents to be mailed separate from the water bills.

The Board reviewed the delinquent accounts. After discussion, Director Taylor moved to: 2) authorize the purchase of a pump for lift station no. 1 at a cost of \$4,933.00; 2) authorize AWR and Jones & Carter to prepare the Curtailment Plan and provide the Curtailment plan to ABHR for distribution to the Board; and 3) approve the operator's report. Director Ernst seconded the motion, which passed by unanimous vote.

### CUSTOMER WATER BILL

The Board reviewed correspondence regarding the high water usage bill at 17817 Kingfisher Ridge due to a water leak. Mr. Lanham said the letter is from a family member handling the estate. He said that the water bill could not be forwarded to a new address, under the Identify Theft Prevention Program, unless the new party is able



to provide proof that he is the correct person to receive the bills. Mr. Lanham said that someone from AWR mistakenly gave the customer the impression that the Board could offer relief on the water bill. After discussion, the Board agreed that because the leak was on the homeowner's side and the operator did not receive proper notice of a change of billing address, the District must charge the customer in accordance with the District's water rates and Amended Rate Order. The Board authorized AWR to remove the penalties from the water bill, if the balance of the bill is paid within thirty days.

CONDUCT HEARING REGARDING WATER AND SEWER SERVICE TERMINATIONS TO DELINQUENT ACCOUNTS AND AUTHORIZE TERMINATION, IF APPROPRIATE

The Board conducted a hearing on the termination of utility service to the delinquent accounts. Mr. Lanham informed the Board that the persons on the attached termination list were mailed written notice prior to this meeting in accordance with the Rate Order, notifying them of the opportunity to appear before the Board of Directors to explain, contest, or correct the utility service bill and show reason why utility service should not be terminated for reason of nonpayment. After discussion, Director Reiter moved that, because the residents on the attached list were neither present at the meeting, nor had presented any statement on the matter, utility service should be terminated in accordance with the District's Rate Order, with the exception of 17817 Kingfisher Ridge. Director Archer seconded the motion, which passed by unanimous vote. A copy of the delinquent account list is attached.

AMENDMENT TO CONTRACT WITH AWR SERVICES

Director Reiter said that the Amendment to the Contract with AWR Services was approved last month and is presented today for execution.

AMENDED RATE ORDER

The Board took no action to amend the Rate Order.

WATER CONSERVATION AND DROUGHT CONTINGENCY MATTERS

Discussion ensued regarding drought conditions and the District's Drought Contingency Plan.

CONSTRUCTION CONTRACT FORMS

There was no discussion on this matter.

ENGINEER'S REPORT

Mr. Bourgeois presented the engineering report, a copy of which is attached.



Mr. Bourgeois requested authorization to file the application with the LCRA for a replacement Raw Water Contract. He said the application will request an increase in the amount of water the District is authorized to annually withdraw from the lake. Mr. Bourgeois said Jones & Carter recommends requesting 100 acre feet.

DEEDS AND EASEMENTS, UTILITY COMMITMENTS

There were no deeds, easements or utility commitments for consideration by the Board.

LOWER COLORADO RIVER AUTHORITY MAINTENANCE PERMIT APPLICATION FOR WATER QUALITY PONDS

Mr. Bourgeois said Jones & Carter is preparing the maintenance permit application for the water quality ponds.

GROUND STORAGE TANK NO. 1 ROOF SUPPORT RECOATING

Mr. Bourgeois said that Jones & Carter will obtain proposals for the roof support recoating at ground storage tank no. 1 in the spring.

OTHER ENGINEERING MATTERS

Mr. Bourgeois continued the earlier discussion regarding available surplus funds. He said that the two incomplete projects are the ground storage tank no. 1 recoating and the pump for lift station no. 1.

After review and discussion, Director Taylor moved to: 1) authorize Jones & Carter to file an application with the LCRA for a replacement Raw Water Contract; and 2) approve the engineer's report. Director Reiter seconded the motion, which passed by unanimous vote.

REPORT ON DEVELOPMENT

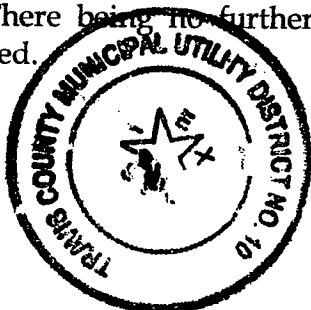
Mr. Hackley had no report on development in the District.

WEBSITE

There was no discussion on the web site.

There being no further business to come before the Board, the meeting was adjourned.

(SEAL)



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Secretary, Board of Directors



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